

**REMARKS**

At the outset, the Examiner is thanked for the thorough review and consideration of the pending application. The final Office Action dated April 14, 2009, has been received and its contents carefully reviewed.

The Examiner has requested to know the status of LG PHILIPS LCD CO., LTD. v. TATUNG CO. OF AMERICA, TATUNG COMPANY AND CHUNGWA PICTURE TUBES, LTD ("Tatung litigation"). The patents at issue in the Tatung litigation that are related to the present application were dropped from the Tatung litigation by order of the judge dated January 11, 2007 for a lack of standing. See the attached order of the court. The remaining unrelated patents went to trial and a jury verdict was rendered. After the jury verdict, the parties to the Tatung litigation then settled. So the Tatung litigation has been completed.

Applicants believe the foregoing information places the application in condition for allowance and early, favorable action is respectfully solicited.

If for any reason the Examiner finds the application other than in condition for allowance, the Examiner is requested to call the undersigned attorney at (202) 496-7500 to discuss the steps necessary for placing the application in condition for allowance. All correspondence should continue to be sent to the below-listed address.

If these papers are not considered timely filed by the Patent and Trademark Office, then a petition is hereby made under 37 C.F.R. § 1.136, and any additional fees required under 37 C.F.R. § 1.136 for any necessary extension of time, or any other fees required to complete the filing of this response, may be charged to Deposit Account No. 50-0911. Please credit any overpayment to deposit Account No. 50-0911.

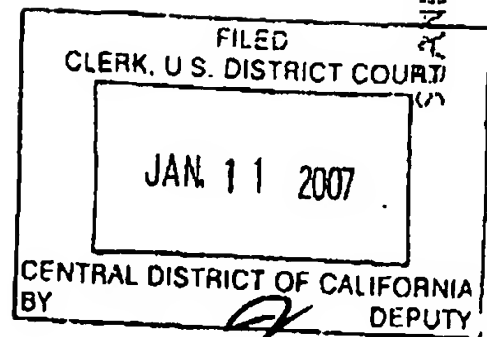
Respectfully submitted,

Dated: October 13, 2009

By: 

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

LG PHILIPS LCD CO., LTD.,  
Plaintiff

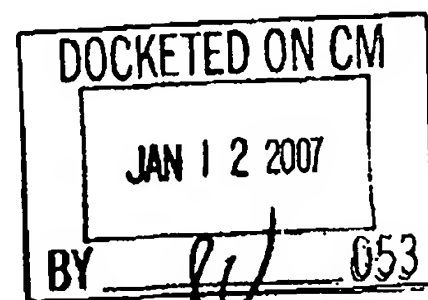
v.

TATUNG CO. OF AMERICA,  
TATUNG COMPANY and  
CHUNGHWA PICTURE TUBES, LTD.,  
Defendants.

AND RELATED COUNTERCLAIMS.

No. CV 02-6775 CBM (JTLx)

ORDER DISMISSING PLAINTIFF'S  
SIDE-MOUNT PATENT  
INFRINGEMENT CLAIMS FOR  
LACK OF STANDING



The matter before the Court, the Honorable Consuelo B. Marshall, United States District Judge presiding, is the dismissal of Plaintiff's side-mount patent infringement claims for lack of standing.

**JURISDICTION**

The Court has jurisdiction over this case pursuant to 28 U.S.C. §1331.

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## FACTUAL AND PROCEDURAL BACKGROUND

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LG. Philips LCD Co., Ltd. ("LPL"), a company incorporated and headquartered in Korea, filed this action on August 29, 2002, alleging that Defendants Tatung Co., Tatung Co. of America, and Chunghwa Picture Tubes, Ltd., infringed on its patents. LPL alleged infringement of six patents, two semiconductor patents and four side-mount patents, against Defendant Chunghwa Picture Tubes, Ltd. ("CPT"), a company incorporated and headquartered in Taiwan.

### The Development and Manufacturing Agreement

In March 2004, CPT filed counterclaims against LPL and a third-party, LG Electronics Inc. ("LGE"), claiming that, by virtue of a 1996 Development and Manufacturing Agreement ("DMA"), a now-defunct company, Digital Electronics Corporation ("DEC"), was the true owner of the side-mount patents in dispute.<sup>1</sup> CPT claimed that, through succession, it had acquired DEC's rights under the DMA, including ownership of the side-mount patents. The DMA provided that disputes arising under the Agreement would be settled by arbitration, under the laws of the state of Massachusetts.

The DMA addressed the joint development and manufacture of a new mobile computer, nicknamed "Project X." *See* Development and Manufacturing Agreement Between Digital Equipment Corporation and LG Electronics Inc. for Laptop Computer (hereinafter *DMA*). LG.Philips is the successor-in-interest to LG Electronics Inc., pursuant to an assignment executed in September 1999.

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1 **The Arbitral Proceeding**

2           On February 28, 2005, this Court ordered the parties to arbitrate certain  
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4 counterclaims filed by Defendant CPT arising out of the DMA between LGE and  
5 DEC.<sup>2</sup> The Matter of Arbitration, *Chunghwa Picture Tubes, Ltd. vs. LG*  
6 *Electronics, Inc. and LG.Philips LCD Co., Ltd.*, No. 50 133 T 00379 04, was held  
7 at the International Centre for Dispute Resolution, an International Arbitration  
8 Tribunal and Division of the American Arbitration Association (AAA). The  
9 arbitration was conducted by a panel of three experienced and distinguished  
10 arbitrators: Richard K. Jeydel, Edward B. Lahey, Jr., and David W. Plant  
11 (collectively "Panel"). Mr. Jeydel, a veteran attorney with more than twenty years  
12 of experience as an arbitrator, served as Chair of the Panel. Mr. Lahey, who  
13 served for over twenty-five (25) years as General Counsel and Secretary of  
14 PepsiCo., Inc., now teaches International Commercial Arbitration at Pace Law  
15 School and serves as Chairman of the Board of Directors of the AAA. Mr. Plant,  
16 an attorney who practiced for over forty (40) years with the law firm of Fish &  
17 Neave (a prominent intellectual property law firm), has arbitrated over eighty-five  
18 (85) disputes for the AAA, the International Chamber of Commerce, UNCITRAL,  
19 and the World Intellectual Property Organization. Neither party has challenged  
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24 <sup>2</sup>Counts I-VI and XXIII (insofar as they are based on assignment of rights under the  
25 Project-X agreement) and Counts VII-X and XXIV. Order Granting In Part And  
26 Denying In Part LG. Philips' and L.G. Electronics' Motion to Compel Arbitration of  
27 Counts I-X and XXIII-XXIV, March 3, 2005.

1 that qualifications or expertise of the Panel.

2 The Panel issued an award ("Award") on June 20, 2006 with the following  
3 rulings:  
4

5 (1) The side mounting technology was developed in the course of and as an  
6 integral part of the DMA. CPT is the successor in interest to DEC, the party  
7 to the DMA, and has standing to assert all claims and defenses thereunder.

8 (2) DEC and its successors, by taking no action in the face of LG's repeated,  
9 open and obvious actions in displaying the technology as its own at major  
10 trade shows and its efforts to market and sell it to them (in the form of  
11 components prominently marked with LG's patent claims), waived any  
12 contractual rights they may have possessed.

13 (3) CPT's argument that the statute of limitation began to run when an  
14 essential internal transfer of the patent rights within LG took place is  
15 unavailing; even if CPT had not waived its rights, none of the arguably  
16 applicable statute periods were tolled, and none of its contract claims were  
17 timely brought.

18 (4) The Panel therefore declines, on contractual grounds, to transfer any LG  
19 patent right to CPT, or to grant any other relief requested by Claimant. The  
20 Panel similarly denies all counterclaims asserted by LG; but for CPT's  
21 waiver, LG would have no right to any of the side mount intellectual  
22 property here at issue. The CPT (Frame/Bovio) patent application is not  
23 affected by and remains outside of this ruling since it has not been waived.<sup>3</sup>

24 (5) As to costs and fees, in light of the absence of a party prevailing on all  
25 of the major issues, no attorneys' fees or other costs will be shifted and the  
26 Panel will order that both its fees and expenses and the charges of the ICDR  
27 shall be borne as incurred and all other costs and expenses shall be borne as  
28 incurred.<sup>4</sup>

The Panel summarily denied all of Defendants' and Plaintiff's claims for

25 <sup>3</sup>The CPT patent application and related patents are not the subject of this Order.

26 <sup>4</sup>Award at 5-13.

1 relief. This Court confirmed the arbitration Panel's Award on September 29,  
2 2006. In light of the Award – including the Panel's determination that the side-  
3 mount technology was covered by the terms of the Agreement, and that pursuant  
4 to the Agreement and the laws applicable thereto neither party was entitled to a  
5 declaratory judgment of ownership of the side-mount technology – this Court, *sua*  
6 *sponte*, ordered the parties to brief whether Plaintiff LG.Philips has standing to sue  
7 for infringement of the patents related to the technology.  
8  
9

### 10 STANDARD OF LAW

11 Article III of the U.S. Constitution limits the jurisdiction of federal courts to  
12 actual “cases” or “controversies.” *Allen v. Wright*, 468 U.S. 737, 750-51 (1984).  
13 In order to establish Article III standing, a plaintiff must show : (1) “an invasion of  
14 a legally protected interest” that is “concrete and particularized” and “actual and  
15 imminent”; (2) a causal connection between the injury and the conduct that is the  
16 subject of the complaint; and (3) that the injury is likely to be redressed by a  
17 favorable decision. *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560-61 (1992).  
18 These requirements apply to patent cases in the same way that they apply to all  
19 federal cases. *See, e.g., Paradise Creations, Inc. v. U V Sales Inc.*, 315 F.3d 1304,  
20 1308-10 (Fed. Cir. 2003) (finding that plaintiff lacked “cognizable injury  
21 necessary to assert standing under Article III of the Constitution” where it “held  
22 no enforceable rights whatsoever in the patent at the time it filed suit”). Article  
23 III standing is assessed at the time the original complaint was filed and cannot be  
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1 cured retroactively. *See Keene Corp. v. United States*, 508 U.S. 200, 207 (1993);  
2 accord *Lujan*, 504 U.S. at 569 n.4 (1992).  
3

4 The burden of establishing standing belongs to the party seeking to maintain  
5 the lawsuit.

## 6 ANALYSIS

### 7 I. Whether Plaintiff LG. Philips Has Standing to Assert Side-Mount Patent 8 Infringement Claims 9

10 While 35 U.S.C. §281 provides that "a patentee shall have remedy by civil  
11 action for infringement of his patents," the requirements of Article III standing  
12 must still be satisfied. In order to satisfy the Article III standing requirements of  
13 *Lujan*, a putative patentee-plaintiff must establish that it has suffered an injury in  
14 fact. There is no "injury" to a patentee who does not hold legal title to the  
15 intellectual property which is the subject of the patent. *See Rite-Hite Corp. v.*  
16 *Kelley Co., Inc.*, 56 F.3d 1538, 1551-1552 (Fed. Cir. 1995) ("Generally, one  
17 seeking money damages for patent infringement must have held legal title to the  
18 patent at the time of the infringement.").

19 In the case at bar, the Panel's Award is supported in its entirety by the  
20 language of the Agreement. Section 1.F of the Agreement indicates:  
21

22 Because of its role as chief architect of the Product, Digital will solely own  
23 the intellectual property rights to all inventions and discoveries made during  
24 the course of the development of the Product by either party as more fully  
25 described in Section 9. In addition to the Specification, Digital will also  
26 solely own all schematics, electrical and mechanical drawings, and any  
27

1 intellectual property rights relating thereto; and those rights to manufacture  
2 or have manufactured the Product, Product options, and spares, all as more  
3 fully described in Section 10.

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4 DMA §1.F.

5 Section 9 of the Agreement defined invention as:

6  
7 any idea, design, concept, technique, invention, discovery, or improvement,  
8 regardless of patentability, made solely of jointly by a party and/or its  
9 employees during the term of this Agreement and in performance of any  
10 work under the Statement of Work issued hereunder, provided that either  
11 the conception or reduction to practice thereof occurs during the term of this  
12 Agreement and in performance of work under the Statement of Work.

11 DMA §9.

12 Section 9 further states:

13  
14 Digital shall have the right to all inventions made by Digital and LGE  
15 employees separately or jointly with the right to seek protection by  
16 obtaining rights therefore and to claim all rights or priority thereunder. . . .  
17 LGE shall, upon Digital's request and at Digital's expense, cause patent  
18 applications to be filed thereon, [ ] and shall forthwith sign all such  
19 applications over to Digital, its successors, and assigns.

18 DMA §9.

19  
20 The Panel construed these provisions together to mean that if the  
21 side-mount invention was developed during the development of the Hi Note Ultra  
22 2000 computer, then it was made "in the performance of work under the Statement  
23 of Work," and "DEC would be the owner of all intellectual property rights  
24 pertaining thereto."<sup>5</sup> The Panel found (in ruling #1) that the side-mount  
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26 Preliminary Ruling from Tom Simotas of the International Centre for Dispute  
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1 technology was developed in the course of the DMA, and that CPT (as successor  
2 to DEC) had standing to assert claims and defenses on that basis; similarly, the  
3 Panel found (in ruling #4) that LPL was not entitled to a declaratory judgment of  
4 ownership, since "but for CPT's waiver, LG would have no right to any of the side  
5 mount intellectual property here at issue." Award at 12.

7 The Court therefore finds that the Panel interpreted the relevant provisions  
8 of the DMA to effect an assignment, not a promise to assign.<sup>6</sup> There is nothing in  
9 the Panel's Award that indicates otherwise. Therefore, this case falls squarely  
10 within the body of law governing assignment contracts. The Federal Circuit has  
11 held that an assignment effectuates a transfer of title. *See FilmTec Corp. v.*  
12 *Allied-Signal, Inc.*, 939 F.2d 1568, 1572 (Fed. Cir. 1991) (*overturned on other*  
13 *grounds, FilmTec Corp. v. Hydranautics*, 982 F.2d 1546 (Fed. Cir. 1992)  
14 ("between the time of an invention and the issuance of a patent, rights in an  
15 invention may be assigned and legal title to the ensuing patent will pass to the  
16 assignee upon grant of the patent."). In *Imatec, Ltd. v. Apple Computer, Inc.*,  
17 Judge Koeltl of the Southern District of New York denied standing to an assignor,  
18 holding that "[o]nce an inventor has assigned the rights in a future invention,  
19 neither the inventor nor a subsequent assignee of the inventor has standing to sue

23 Resolution (ICDR), March 10, 2005 (attached as Exhibit 2 to Decl. of Michael  
24 Resch).

25 Plaintiff unconvincingly argues that the DMA was not an assignment, but rather was  
26 "at most an agreement in which LGE gave DEC a right to own certain inventions."  
27 Pl.'s Mem. at 20.

1 for infringement of a patent arising from the assigned invention." *Imatec, Ltd. v.*  
2 *Apple Computer, Inc.*, 81 F.Supp.2d 471, 481 (S.D.N.Y. 2000) (*aff'd* at 2001 U.S.  
3 App. LEXIS 16841 (Fed. Cir.)).

4  
5 Judge Koeltl reasoned that the language in the agreement indicated a present  
6 assignment (not a promise to assign), and as such, the rights to the invention  
7 vested in the assignee and no other party had standing to enforce the patents (even  
8 the putative patentholder). *Id.* Judge Koeltl found the patents-in-suit were for  
9 inventions covered under the agreement, and held that neither the named patent  
10 owner nor any subsequent assignee had standing to sue for infringement of the  
11 patents. *Id.* at 483.

13 In the case at bar, this Court has found that the arbitrators interpreted the  
14 DMA to effect an assignment; as such, the rights to the side-mount technology  
15 vested in the assignee (DEC and its successors) and no other party has standing to  
16 enforce the patents. Moreover, the arbitrators clearly found in their Award that the  
17 technology which was the subject of the patents-in-suit was covered by the  
18 agreement. *See* Award at 5. Accordingly, LG.Philips does not have standing to  
19 sue for infringement of the side-mount patents. Having assigned to DEC  
20 ownership of the side-mount invention in the DMA in 1996, LGE had nothing to  
21 give to LPL in September 1999; therefore, LGE's purported assignment of the  
22 side-mount patents to LG. Philips in 1999 is a nullity. *See also FilmTec*, 939 F.2d  
23 at 1572-73; *Pinpoint, Inc. v. Amazon.com, Inc.*, 347 F. Supp. 2d 579 (N.D. Ill.  
24 2004) (Posner, J., *by designation*) (finding plaintiff lacked standing to sue because  
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1 it had obtained patent rights from a party who had previously assigned away the  
2 patented invention).

3  
4 Plaintiff argues that CPT's waiver amounted to a relinquishment of any  
5 contract right to own the invention. See Pl.'s Mem. 22. While any such waiver  
6 may bar CPT from asserting its own claims of infringement under the patents-in-  
7 suit, it does not give a patentee (LG.Philips) the affirmative right to assert  
8 infringement claims for inventions covered under an assignment agreement. See  
9 also *Viskase Corp. v. American Nat'l Can Co.*, 261 F.3d 1316, 1328 (Fed. Cir.  
10 2001) ("Inventors who have an obligation to assign their inventions have no  
11 ownership interest in the patents on those inventions.").

12  
13 In *Paradise Creations, Inc. v. U V Sales Inc.*, the Federal Circuit found that  
14 the appellant "lacked a cognizable injury necessary to assert standing under Article  
15 III of the Constitution" because it "held no enforceable rights whatsoever in the  
16 patent at the time it filed suit." 315 F.3d 1304, 1310 (Fed. Cir. 2003). The Court  
17 hereby finds that LPL had no enforceable rights in the '237, '457, '942 and '537  
18 patents at the time the lawsuit was filed because, pursuant to the Development and  
19 Manufacturing Agreement, LPL had no rights to the intellectual property covered  
20 by those patents. Therefore, LPL lacks standing to sue CPT for infringement of  
21 the '237, '457, '942 and '537 side-mount patents.  
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24 Finally, the issue of standing is different from, and independent of, whether  
25 LPL or CPT currently has ownership rights in the side-mount patents. Standing is  
26 a jurisdictional issue, which is not to be confused with the merits of the case. See,  
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1 e.g., *City of Los Angeles v. Lyons*, 461 U.S. 95, 101 (1983) (determining that in  
2 order for a party "to invoke the jurisdiction of the federal courts," that party "must  
3 satisfy the threshold requirement imposed by Article III of the Constitution . . .").  
4

5  
6 **CONCLUSION**

7 Based on the foregoing, the Court hereby **DISMISSES** Plaintiff LG.  
8 Philips, LCD, Ltd.'s claims for infringement of the side-mount patents (U.S.  
9 Patent Nos. 5,926,237, 6,002,457, 6,020,942, and 6,373,537) against Defendant  
10 CPT and the Defendants in Consolidated Case Nos. CV 03-2886, CV 03-2866,  
11 CV 03-2884 and CV 03-2885 (Consolidated Defendants ViewSonic Corporation,  
12 Jean Co., Lite-On Technology, TPV Technology, and Envision Peripherals, Inc.),  
13 whom the Court deems to have joined in the motion *ab initio*.  
14

15  
16 **IT IS SO ORDERED.**

17 **DATE: January 11, 2007**

  
**CONSUELO B. MARSHALL**  
**UNITED STATES DISTRICT JUDGE**